



SCRAP MANAGEMENT

Issue Date:

04.28.15



Scrap Management

From Store Operations Leadership

To ensure we offer our Customers the best quality merchandise:

- ☐ It is important to take a pro-active approach to sell through all merchandise before it reaches the date code listed by rotating product and using tools as instructed.
- ☐ Scrap must be accurately recorded using the handheld scanner daily.
- ☐ Everyone is responsible for minimizing scrap!

How to Accurately Record Scrap Daily

From Store Operations Leadership

Scrap is a way to account for inventory that is unsellable, expired or being used for "Store Use".
Not recording scrap accurately will have a negative impact on inventory.
Minimizing scrap is **EVERYONE'S** responsibility.

Step 1

Using the Handheld Scanner

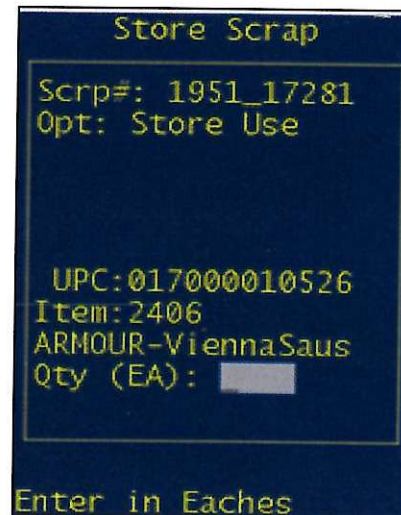
- ☐ Select Scrap Menu.
- ☐ Select the proper Scrap Code for the item.
 - ☐ Damaged
 - ☐ Spoiled/Expired
 - ☐ Recall Destroy (approved items only)
 - ☐ Store Use
 - ☐ Arrive Unsellable
 - ☐ End of Season (approved items only)
 - ☐ E&O (approved items only)



Step 2

Enter the correct quantity

- ☐ Use Eaches for most merchandise.
- ☐ Use Ounces for items sold by the pound (1Lb=16oz).
- ☐ There is no limit to how much you can scrap.
- ☐ Notify DM if scrapping more than 100 of the same item.



Step 3

Discard Properly

- ☐ Seal the bag and write the following information on the bag to confirm it has been checked:
 - ☐ Date merchandise was scrapped
 - ☐ Store Management initials
 - ☐ "SCRAP"
- ☐ Place Hazardous Waste in correct tote – Do NOT throw in trash.
- ☐ Management must inspect the trash to ensure all items inside are approved for scrap and are not Hazardous Materials.



No Hazardous Materials in the trash!



How to Minimize Scrap

From Store Operations Leadership

Using the proper Product Rotation Guidelines and Tools listed will minimize scrap.

Product Rotation Guidelines

Produce

- ☐ Display items that need to be refrigerated in produce coolers and place backstock in walk-in cooler immediately.
- ☐ Rotate produce so items received earlier sell first. FIRST IN, FIRST OUT (FIFO).
- ☐ Avoid overstocking displays so items do not get damaged.
- ☐ Use Produce Net Bags to repackage produce.
- ☐ Do NOT throw away an entire package of produce when only one or two pieces are bad.
- ☐ Use Produce Adjustment Form to adjust your allocation.
- ☐ See Produce Management Guidelines.

Refrigerated / Frozen Merchandise

- ☐ Place items in the walk-in cooler immediately upon arrival.
- ☐ Rotate product so earlier dates sell first. FIFO!

Bread/Tortillas

- ☐ Rotate Bread and Tortillas daily.
- ☐ Do NOT over order.

Dated Merchandise

- ☐ Rotate product so earlier dates sell first. FIFO!
- ☐ Display close dated merchandise in high traffic area to ensure sell through (i.e. VIP Section).

Tools Available

Produce Adjustment Form (Liquid Office)

- ☐ Use to request adjustments to allocations.
- ☐ Submit by 6AM the day before cold delivery.

Produce/Banana Net Bags

- ☐ Use produce net bags to create a good selling unit for produce items before they become unsellable.
- ☐ Repackage produce to sell through before it spoils.
- ☐ Combining packages if necessary.

Recovery Area

- ☐ Use to repair or fix damaged product whenever possible.
- ☐ Use tape, stapler, J-Hooks to repair damaged packages.
- ☐ Repackage damaged/broken produce packages.

Store Use

- ☐ Management must authorize items for "Store Use".
- ☐ Check for items that have already been designated for "Store Use" before opening another item.
- ☐ Use supply type items that cannot be repaired as "Store Use" such as cleaners, pens, etc.



PRODUCT ROTATION

Product Rotation - Overview

From Store Operations Leadership

Rotation means placing the oldest dates in front of the new dates so the oldest dates are at Customer eye level to sell first. Proper rotation will help minimize scrap!

- ☐ Rotate product from the bottom and top shelves to the middle shelves before stocking new merchandise.
- ☐ Stock newer dated merchandise on the bottom and top shelves after rotating to ensure we have the freshest product for Customers.
- ☐ Display any merchandise with an upcoming date in a high traffic area such as the VIP Section.
- ☐ Medicines must be checked on the first day of the month.
 - Remove expired medicines from the sales floor and scrap.
 - California Stores must place scrapped medicine in the TOXIC Hazardous Waste Tote.



"Best if used By" / "Best By"

- ☐ Items are OK to sell 30 days past the date on the item. After 30 days, scrap and discard items the following morning before the start of business.
- ☐ If an item only has a date listed on the package, it should be treated like a 'Best if Used By' or 'Best By' date.



"Expired" / "Sell By"

- ☐ Do not sell after the date code listed on the item.
- ☐ Scrap and discard the following morning before the start of business.